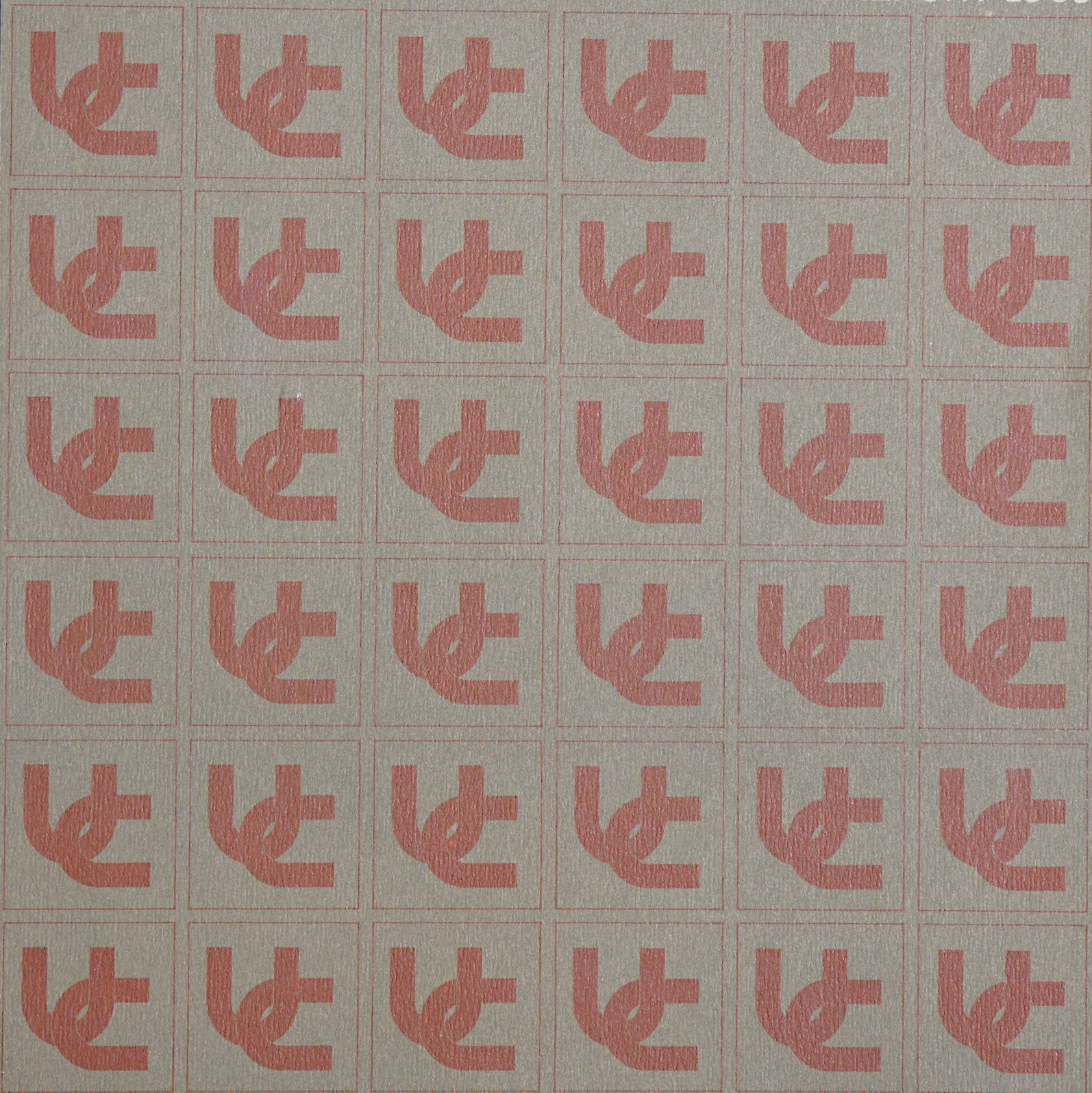


UNITED CORPORATIONS LIMITED ANNUAL REPORT 1969





United Corporations Limited
—Incorporated under the Laws of Canada

Directors

I. A. BARCLAY	C. L. GUNDY
T. N. BEAUPRÉ	K. S. HOWARD, Q.C.
G. D. BIRKS	A. F. MAYNE
J. V. EMORY	A. E. TARR
J. E. FARMER	

Officers

J. V. EMORY, President
C. L. GUNDY, Vice-President
R. B. WRIGHT, Assistant to the President
MISS I. WATERHOUSE, Secretary and Treasurer
MISS E. CLAYTON, Asst.-Secretary and Asst.-Treasurer

REPORT OF THE DIRECTORS

TO THE SHAREHOLDERS OF UNITED CORPORATIONS LIMITED

Your Directors take pleasure in presenting the 37th Annual Report of your Company for the year ended December 31, 1969.

Balance Sheet (see page 6)

The aggregate market value of your Company's assets at December 31, 1969, was \$78,786,693 as compared with \$88,027,711 at the end of the previous year. After provision for current liabilities of \$17,801 as against the 1968 figure of \$3,097,356 and allowing for the respective redemption prices of the outstanding Class "A" and First Preferred Shares, the net equity value behind each of the three classes of shares was:—

Class "A" Shares—\$78,768,892 or \$1,507.91 per share

First Preferred Shares—\$77,201,782 or \$386.01 per share

Class "B" Shares—\$71,022,217 or \$20.20 per share

The figure of \$20.20 per Class "B" Share was down from \$21.98 at the end of the previous year reflecting the unsettled market conditions which prevailed during 1969.

Statement of Income (see page 7)

Gross income after withholding taxes was \$2,575,542, up from \$2,364,177 in 1968. Operating expenses were \$277,012 as against \$226,717. Net income, after all charges including income taxes, increased to \$2,244,030 from \$2,093,460 in the previous year. The 1969 figures for both gross and net income set new records.

Commencing in 1970 we will be changing our accounting procedure in dealing with dividend income. During past years it has been our custom to bring such dividends into

income only when received despite the fact that they were actually owed to us from the ex-dividend date of the stock or stocks concerned. Henceforth we will take dividends into income from the ex-dividend date and set up the corresponding dollar amount as a receivable until such time as the cash is actually received. This change from a cash to an accrual basis will result in a non-recurring credit of approximately \$150,000 to accumulated net income at January 1, 1970, equivalent to 4.3¢ per Class "B" Share.

Statement of Surplus (see page 7)

After provision for dividends on the Class "A" and First Preferred Shares, net income available for the Class "B" Shares increased to a new high of \$1,865,674, up from \$1,715,104 in 1968 and well above the previous high of \$1,740,529 set in 1967. On the basis of the 3,515,873 Class "B" Shares outstanding at the end of 1969, net income per share amounted to 53¢ as compared with corresponding figures of 48.8¢ and 49.6¢ for 1968 and 1967 respectively.

Cash dividends declared and paid on the Class "B" Shares during 1969 totalled \$1,827,503. After provision for all dividends, the addition to accumulated net income was \$38,171 which, when added to the \$403,414 available at the beginning of the year, produced a year-end figure for accumulated net income of \$441,585.

Sales of investments during the year resulted in a net gain of \$6,445,801. Adding this figure to the balance of accumulated net realized gains on investments at the beginning of the year of \$48,890,821 produced a total of \$55,336,622. Deduction of the stock dividend of \$1,053,262 paid during the year left a balance of \$54,283,360 in accumulated net realized gains on investments at the end of the year.

Combining the year-end figures for accumulated net income and accumulated net realized gains on investments produced an overall surplus of \$54,724,945 at the end of 1969, up from \$49,294,235 at the end of the previous year. However, the unrealized appreciation in market value of investments declined during the year from \$23,288,187 to \$11,649,889 so that the combined figure for surplus and unrealized appreciation in market value of investments as shown in the balance sheet was reduced from \$72,582,422 to \$66,374,834.

Dividends

Class "A" dividends totalling \$78,356 were declared and paid during 1969. Dividends declared and paid on the two outstanding series of First Preferred Shares amounted to \$300,000.

Quarterly dividends declared and paid on the Class "B" Shares during 1969 consisted of four regular dividends of 11¢ per share plus two extra dividends of 2¢ each for a total of 48¢. In addition as part of

our dividend policy first announced in January, 1968, extra dividends of 4¢ per share in cash and 30¢ per share in the form of Preferred Shares were declared in January, 1969. These Preferred Shares were immediately redeemed and the proceeds of the redemption were, we are advised, not subject to Canadian federal or provincial income tax. Dividends declared and paid in 1969 therefore consisted of 52¢ per share in cash and 30¢ per share in stock for a total of 82¢ per share. As announced in the special report to Class "B" Shareholders dated January 19, 1970, the average unaudited month-end net equity value per Class "B" Share for the twelve months of 1969 was \$20.98, up from \$19.50 in 1968. A 4% yield on this figure called for dividends applicable to the year's operations totalling 84¢ of which 48¢ had already been declared and paid during the year in the form of quarterly dividends. Dividends of 1¢ per share in cash and 35¢ per share in the form of immediately redeemable Preferred Shares were therefore declared in January, 1970, applicable to 1969 operations. At the same time the regular quarterly dividend rate was increased from 11¢ to 12¢ per share. We are advised that, as was the case in 1969, the proceeds of redemption of the stock dividend declared in January, 1970, constituted a payment of capital to shareholders and, as such, should not be subject to Canadian federal or provincial income taxes.

Portfolio and Investment Policy

The detailed portfolio of investments held by your Company at the end of 1969 is set out on pages 13-15 inclusive of this report and the distribution of investments, together with pro-forma balance sheets for the last five years showing changes in portfolio weighting, will be found on page 12. There has been no change in our basic investment objective of providing shareholders, within the limits of reasonable prudence, with the maximum return on their investment in the form of a combination of current income and long-term growth of capital.

As was pointed out in last year's Annual Report, one of the principal considerations behind the present dividend policy was the conviction on the part of your Directors that it would result in a much closer relationship between the market price of our Class "B" Shares and their actual net equity value than had been the case in the past. The results achieved in this respect during the two-year period for which the dividend policy has been operative have been encouraging in that the discount between the market price and the net equity value of our Class "B" Shares has narrowed from approximately 32% to just over 18% at the end of 1969.



Record of Asset Valuations and Income

As usual, there appears on page 10 of this report a record of your Company's progress during the thirty-seven years of its existence. In addition, a graphical record of net equity values and dividends per Class "B" Share over the last twenty years will be found on page 16.

Because the investment policy of your Company was changed in 1962 from that of a "balanced" portfolio to a considerably more aggressive attitude towards equities, we feel that the investment results achieved since December 31, 1961, is of particular significance to shareholders. It should be remembered, however, that the end of 1961 marked the high of the stock market prior to the major decline which took place in 1962.

Between December 31, 1961, and December 31, 1969, the Toronto Stock Exchange Industrial Index and the Montreal Stock Exchange Composite Index rose by 35% and 44% respectively. During this same period the Dow Jones Industrial Average advanced by 9% and the Standard & Poor's Composite Index by 28%. By comparison with these widely used measurements of the Canadian and American stock markets, our net equity value per Class "B" Share increased from \$11.77 to \$20.20 or by 72%. It should be noted that no adjustment has been made in these comparisons for dividends declared which in our case have been a sizeable item during the last two years.

Subsidiary and Associated Companies

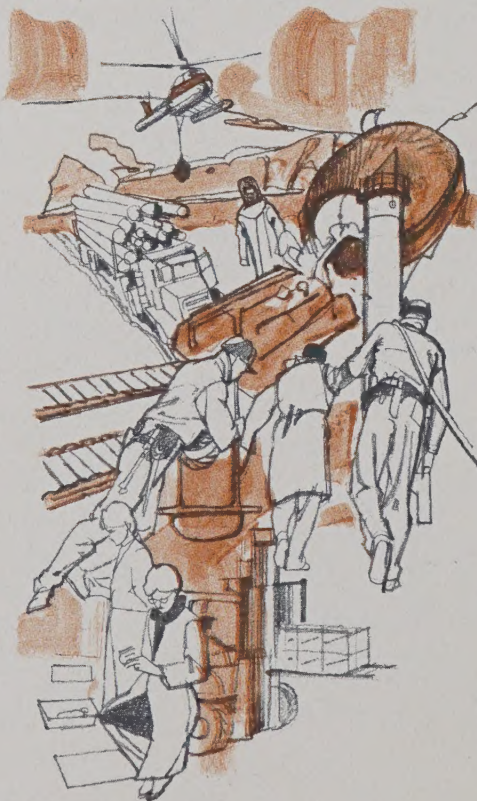
United Bond & Share Limited is a wholly owned subsidiary which provides investment management services on a fee basis. Your Company benefits in two ways from the fees earned by this subsidiary. First, it pays its full share of our overall expenses, thus reducing the operating expenses of your Company. Second, it pays periodic dividends to your Company which are included in dividend income received and therefore do not show up as a reduction in expenses. No dividend was, in fact, paid during 1969 because it was felt advisable to retain funds in order to finance further expansion in the operations of this subsidiary. Shareholders will remember that United Bond & Share Limited is the management company for RoyFund Ltd., a mutual fund launched in April, 1967, in cooperation with The Royal Bank of Canada. As a consequence, we have followed with particular interest the deliberations of the Canadian Committee on Mutual Funds and Investment Contracts which was appointed by the federal and provincial governments to study the whole question of regulation of mutual funds. The report of the Committee was released in December and we are particularly pleased with the emphasis it places on fair competition within the industry, including the recommendation that the chartered banks, under certain controlled conditions, be permitted increased freedom in their association with mutual funds.

Reference was made in last year's Annual Report to our equal ownership with The Royal Bank of Canada of the Interior Trust Company and to the latter's 50% ownership of the voting shares of RoyMor Ltd. Interior Trust remained dormant during 1969 insofar as the usual operations of a trust company are concerned, but RoyMor Ltd. has expanded rapidly to the point where its assets exceeded \$40 million at the end of the year. While our indirect investment in RoyMor Ltd. is not a large one, it is gratifying that it is fulfilling its purpose of providing material assistance to Canadian housing.

International Capital Corporation Ltd., which was also referred to in last year's Annual Report, is involved in a number of interesting special situations, the largest of which is an agreement signed with Great Lakes Nickel to act as financial consultant in the development of a sizeable prospective copper-nickel property located in the Thunder Bay Lake-head area of Ontario.

White Paper on Tax Reform

The publication of this document by the federal government in November marked another step towards the goal of tax reform which started some years ago with the well known Carter Commission. There can be no quarrel with the underlying premise that tax reform is needed in certain areas but there is a large measure of doubt in the minds of a great many Canadians that the White Paper provides the basis for a system of taxation suitable to the needs of a rapidly growing country such as ours. Our present system of taxation is so closely woven into the texture of the Canadian economy that it will take



a great deal of study and discussion before the ramifications of the proposed radical changes can be properly assessed. For this reason it is to be hoped that the government will carry through with its announced intention to provide an opportunity for all interested parties to be heard.

With respect to our own operations, it will be of interest to shareholders to know that we have been informed that it is the intention of the White Paper that investment companies such as United be treated as "conduits". In other words, it is intended that the shareholder in United would be placed in the same position as though he owned his proportionate share of our underlying assets direct. While the administrative problems involved are formidable, the principle is an important one.

Directors and Officers

Your Directors record with regret the resignation in October of G. B. Seely as a Vice-President and Director. In addition, as J. E. Farmer of London, England, has retired from active business, his name will not be placed in nomination at our forthcoming Annual General Meeting. Both these gentlemen rendered very valuable service to your Company and their absence will be keenly felt.

In order to fill these vacancies, J. S. Spalding, who has been appointed General Manager of your Company, and I. S. Steers of London, England, will be nominated as Directors.

On behalf of the Directors,
J. V. EMORY,
President.
March 17, 1970.

AUDITORS' REPORT

To the Shareholders of United Corporations Limited

We have examined the balance sheet of United Corporations Limited as at December 31, 1969, the statements of income, surplus, unrealized appreciation of investments and the statement of changes in net assets for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We verified the corporation's investments and cash on deposit at December 31, 1969 either by direct confirmations received from the custodians or by physical count.

In our opinion these financial statements present fairly the financial position of the corporation as at December 31, 1969, the results of its operations and the supplementary information on changes in net assets for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Price Waterhouse & Co.

Chartered Accountants.

Montreal, February 6, 1970.

Net Assets
Assets

	1969	1968
Investments, at market value (average cost, \$64,577,991; 1968—\$58,997,072)	<u>\$76,227,880</u>	<u>\$82,285,259</u>
CURRENT ASSETS:		
Cash—including short-term notes, 1969—\$1,962,734; 1968—\$2,393,900	2,123,366	5,640,280
Due from brokers on delivery of securities	243,015	—
Accrued interest on investments	136,682	81,320
Other assets	55,750	20,852
	<u>2,558,813</u>	<u>5,742,452</u>
TOTAL ASSETS.	<u>\$78,786,693</u>	<u>\$88,027,711</u>

Liabilities

CURRENT LIABILITIES:

Due to brokers on delivery of securities	\$ —	\$ 3,070,363
Income taxes	6,274	17,994
Other accounts payable	11,527	8,999
	<u>17,801</u>	<u>3,097,356</u>
NET ASSETS <i>at market value</i>	<u>\$78,768,892</u>	<u>\$84,930,355</u>

Shareholders' Equity

Capital stock (Notes 1 and 2) —

Authorized—

52,237 Class "A" shares
200,000 First preferred shares
118,955,362 Second preferred shares
(after redemption of 21,065,238 shares in 1969—Note 3)
6,000,000 Class "B" shares

Issued—

Class "A"	First Preferred	Class "B"					
52,237	—	2,877,480	for a consideration of . .	\$ 119,384	\$	119,384	
—	200,000	—	" " " " . .	6,000,000		6,000,000	
—	—	638,393	" " " " . .	6,274,674		6,228,549	
<u>52,237</u>	<u>200,000</u>	<u>3,515,873</u>	" " " " . .	<u>12,394,058</u>		<u>12,347,933</u>	
Surplus (as per statement attached)				54,724,945		49,294,235	
Unrealized appreciation in market value of investments				11,649,889		23,288,187	
				<u>66,374,834</u>		<u>72,582,422</u>	
				<u>\$78,768,892</u>		<u>\$84,930,355</u>	

SIGNED ON BEHALF OF THE BOARD:

J. V. Emory, Director

K. S. Howard, Director

Statements of Income and Surplus

for the year ended December 31, 1969

Statement of Income FOR THE YEAR ENDED DECEMBER 31, 1969

	1969	1968
INCOME:		
Dividends and interest	\$ 2,622,394	\$ 2,397,778
Stock dividends received and sold	—	13,875
	<u>2,622,394</u>	<u>2,411,653</u>
EXPENSES:		
Management expenses	143,558	116,314
Fees and expenses of trustee, registrar and transfer agents	40,817	25,959
Directors' remuneration (Note 4)	58,040	57,966
Taxes other than income taxes	5,846	5,253
Legal and audit fees	8,568	4,033
Miscellaneous expenses	10,302	7,093
Staff pension plan (current premium)	9,881	10,099
	<u>277,012</u>	<u>226,717</u>
Income for the year before taxes	<u>2,345,382</u>	<u>2,184,936</u>
INCOME TAXES:		
U.S. withholding taxes	46,852	47,476
Provision for Canadian taxes	54,500	44,000
	<u>101,352</u>	<u>91,476</u>
Net income for the year	<u>\$ 2,244,030</u>	<u>\$ 2,093,460</u>
Net income per Class "B" share (after payment of Class "A" and First Preferred dividends)	<u>\$.530</u>	<u>\$.488</u>

Statement of Surplus FOR THE YEAR ENDED DECEMBER 31, 1969

	1969	1968
ACCUMULATED NET INCOME:		
Balance, beginning of year	\$ 403,414	\$ 1,226,913
Net income for the year (statement attached)	2,244,030	2,093,460
	<u>2,647,444</u>	<u>3,320,373</u>
LESS: DIVIDENDS (Note 3)—		
Class "A" shares	78,356	78,356
First preferred shares	300,000	300,000
Class "B" shares	1,827,503	2,523,508
	<u>2,205,859</u>	<u>2,901,864</u>
	441,585	418,509
DEDUCT: Non-recurring expenses	—	15,095
Balance, end of year	<u>441,585</u>	<u>403,414</u>
ACCUMULATED NET REALIZED GAINS ON INVESTMENTS:		
Balance, beginning of year	48,890,821	41,205,165
Add: Net gain on sale of investments	6,445,801	7,685,656
Balance, end of year	<u>55,336,622</u>	<u>48,890,821</u>
Deduct: Stock dividend—		
21,065,238 second preferred shares at 5 cents each—redeemed in February 1969 (Note 3)	<u>1,053,262</u>	—
	<u>54,283,360</u>	<u>48,890,821</u>
Total surplus	<u>\$54,724,945</u>	<u>\$49,294,235</u>

Statements of Unrealized Appreciation of Investments and Changes in Net Assets

for the year ended December 31, 1969

Statement of Unrealized Appreciation of Investments

FOR THE YEAR ENDED DECEMBER 31, 1969

	1969	1968
Balance, beginning of year	\$23,288,187	\$20,045,656
(Decrease) increase during year	(11,638,298)	3,242,531
Balance, end of year	<u>\$11,649,889</u>	<u>\$23,288,187</u>

Statement of Changes in Net Assets

FOR THE YEAR ENDED DECEMBER 31, 1969

	1969	1968
Net assets, beginning of year	\$84,930,355	\$74,756,817
Net income	2,244,030	2,093,460
Net realized gain on sale of investments*	6,445,801	7,685,656
Proceeds from issue of capital stock	46,125	68,850
(Decrease) increase in unrealized appreciation of investments	(11,638,298)	3,242,531
Dividends:		
Cash	(2,205,859)	(2,901,864)
Second preferred shares—redeemed (Note 3)	(1,053,262)	—
Non-recurring expenses	—	(15,095)
Net assets end of year	<u>78,768,892</u>	<u>84,930,355</u>
DEDUCT: Redemption value of Class "A" and first preferred shares	<u>7,746,675</u>	<u>7,746,675</u>
Net assets, applicable to Class "B" shares	<u>\$71,022,217</u>	<u>\$77,183,680</u>
Number of shares outstanding at year end	<u>3,515,873</u>	<u>3,510,873</u>
Net asset value per Class "B" share	<u>\$ 20.20</u>	<u>\$ 21.98</u>
*Aggregate proceeds from sale of investments	<u>\$19,255,376</u>	<u>\$33,735,303</u>
DEDUCT: Cost of investments sold—		
Aggregate cost of investments owned at beginning of year	58,997,072	53,072,723
Aggregate cost of purchases of investments	18,390,494	31,973,996
	<u>77,387,566</u>	<u>85,046,719</u>
Aggregate cost of investments owned at end of year	<u>64,577,991</u>	<u>58,997,072</u>
	<u>12,809,575</u>	<u>26,049,647</u>
Net realized gain on sale of investments	<u>\$ 6,445,801</u>	<u>\$ 7,685,656</u>

Notes to Financial Statements

DECEMBER 31, 1969

Note 1 :

Class "A" Shares, without nominal or par value, are preferred as to cumulative dividends of \$1.50 per share per annum and as to assets on winding up to the extent of \$30 per share plus accrued and unpaid dividends.

The 5% Cumulative Redeemable First Preferred Shares of the par value of \$30 per share are preferred over the 3% Non-Cumulative Redeemable Second Preferred Shares and the Class "B" Shares as to cumulative dividends and as to repayment of capital, accrued dividends and specified premiums on winding up, but are subject and subordinate to the Class "A" Shares of the corporation. The first series of these preferred shares consists of 80,290 5% Cumulative Redeemable First Preferred Shares, 1959 Series, redeemable (on not less than 30 days' notice) and repayable on winding up at par plus accrued dividends. The second series consists of 119,710 5% Cumulative Redeemable First Preferred Shares, 1963 Series, redeemable (on not less than 30 days' notice) and repayable on winding up at \$31.50 plus accrued dividends.

The 3% Non-Cumulative Redeemable Second Preferred Shares of the par value of 5 cents per share are subject and subordinate to the Class "A" and the First Preferred Shares as to payment of dividends and repayment of capital.

The Class "B" Shares are without nominal or par value.

Note 2 :

The following changes in the Employees' Stock Option Plan occurred in 1969: 100,000 additional Class "B" Shares of the capital stock of the company were reserved for issue, and purchase options for 50,000 shares were granted and options on 5,000 shares were exercised. At December 31, 1969, options for 55,000 Class "B" Shares were outstanding and an additional 63,520 shares were reserved and available for further options under the Plan. Purchase options are exercisable at prices equal to 90% of quoted market values of the Class "B" Shares at dates of granting.

Note 3 :

In 1969 the company paid quarterly cash dividends aggregating 52 cents per share and a stock dividend in the form of 6 of its 3% Non-Cumulative Redeemable Second Preferred Shares of the par value of 5 cents each (equivalent to 30 cents per share) to the holders of the Class "B" Shares. The Second Preferred Shares which were issued as a stock dividend were redeemed at par (\$1,053,262) out of accumulated realized investment gains on February 14, 1969.

Payment of the combined cash and stock dividends amounting to 82 cents per Class "B" Share (72 cents in 1968) is in accordance with the company's policy to pay in respect of each year dividends equivalent to a yield of approximately 4% on the average month-end equity value of the Class "B" Shares for the 12 months of the preceding year.

Dividends declared on January 19, 1970 on the Class "B" Shares included an extra cash dividend of one cent per share and a stock dividend (equivalent to 35 cents per share) in the form of 7 of the 3% Non-Cumulative Redeemable Second Preferred Shares of 5 cents par value per share payable on February 12, 1970 to holders of record as at January 31, 1970. These Second Preferred Shares will be redeemed at par for cash on February 13, 1970.

The company has been advised that under income tax laws presently in force the proceeds of redemption of the Second Preferred Shares declared as stock dividends will constitute a payment of capital and as such will be exempt from Canadian income taxes.

Note 4 :

The accounts of United Bond & Share Limited (a wholly-owned subsidiary) have not been consolidated with those of United Corporations Limited because the amounts involved are not significant. The amount of directors' remuneration shown on the accompanying statement of income does not include \$43,540 allocated to United Bond & Share Limited by United Corporations Limited.

Record of Asset Valuations and Income

(Class "B" Share figures have been adjusted to reflect subdivisions of 4 for 1 in April, 1953, and 3 for 1 in June, 1964)

Year Ended Dec. 31	Net Asset Value	Principal Amount of Bonds Outstanding	Net Equity for Class "A" & Pfd.	Class "A" & Pfd. Shares at redemption price (a)
1933	\$ 6,120,481	\$ 4,498,900	\$ 1,621,581	\$ 2,000,404
1935	9,378,287	4,498,900	4,879,387	2,161,079
1937	9,541,981	4,498,900	5,043,081	1,928,100
1939	9,843,775	3,705,400	6,138,375	1,588,050
1941	8,174,586	3,598,900	4,575,686	1,588,050
1943	9,746,273	3,000,000	6,746,273	1,579,800
1945	14,443,864	2,800,000	11,643,864	1,579,800
1947	13,668,485	2,600,000	11,068,485	1,579,800
1949	14,771,960	2,400,000	12,371,960	1,567,110
1950	17,409,613	2,300,000	15,109,613	1,567,110
1951	20,391,615	2,200,000	18,191,615	1,567,110
1952	19,359,943	2,000,000	17,359,943	1,567,110
1953	19,130,077	1,900,000	17,230,077	1,567,110
1954	25,100,871	1,800,000	23,300,871	1,567,110
1955	29,014,916	1,700,000	27,314,916	1,567,110
1956	28,054,394	1,316,300	26,738,094	1,567,110
1957	24,446,536	878,900	23,567,636	1,567,110
1958	30,381,268	—	30,381,268	1,567,110
1959	38,196,704	—	38,196,704	3,975,810
1960	37,599,824	—	37,599,824	3,975,810
1961	44,351,503	—	44,351,503	3,975,810
1962	41,868,337	—	41,868,337	3,975,810
1963	52,320,937	—	52,320,937	7,746,675
1964	62,860,580	—	62,860,580	7,746,675
1965	66,117,062	—	66,117,062	7,746,675
1966	63,155,547	—	63,155,547	7,746,675
1967	74,756,817	—	74,756,817	7,746,675
1968	84,930,355	—	84,930,355	7,746,675
1969	78,768,892	—	78,768,892	7,746,675

(a) Including Class "A" dividend arrears of \$ 72,304 in 1933
Including Class "A" dividend arrears of \$232,979 in 1935

(b) Denotes red figures.

(c) Class "A" dividends paid:

1933.....\$ —
1935......50
1937..... 4.125
1939 to date 1.50 per year

Net Equity for Class "B"	Net Equity for Class "B" per share	Net Income for the year	Dividends on Class "A" and Pfd. Shares (c)	Net Income Available to Class "B" Shares	Net Income per share Class "B"	Dividends Declared per share Class "B"
\$ 378,823(b)	\$ 0.13(b)	\$ 72,510	\$ 72,304	\$ 206	\$ —	\$ —
2,718,308	0.94	83,252	96,405	13,153(b)	.005(b)	—
3,114,981	1.08	205,196	96,405	108,791	.038	—
4,550,325	1.58	139,462	80,978	58,484	.020	—
2,987,636	1.03	160,968	79,403	81,565	.028	.02
5,166,473	1.79	156,727	78,990	77,737	.027	.025
10,064,064	3.49	252,049	78,990	173,059	.060	.06
9,488,685	3.29	417,965	78,990	338,975	.118	.11
10,804,850	3.75	463,389	78,356	385,033	.134	.13
13,542,503	4.70	642,086	78,356	563,730	.196	.19
16,624,505	5.77	656,437	78,355	578,082	.201	.20
15,792,833	5.48	692,112	78,356	613,756	.213	.21
15,662,967	5.44	717,206	78,356	638,850	.222	.22
21,733,761	7.55	777,697	78,356	699,341	.243	.23
25,747,806	8.94	810,692	78,355	732,337	.255	.25
25,170,984	8.74	857,145	78,355	778,790	.271	.27
22,000,526	7.64	912,771	78,355	834,416	.290	.27
28,814,158	10.01	976,297	78,356	897,941	.312	.27
34,220,894	10.02	978,793	78,355(e)	900,438(e)	.313(d)	.30
33,624,014	9.85	1,308,461	198,790(e)	1,109,671(e)	.325	.30
40,375,693	11.77	1,315,655	198,790	1,116,865	.326	.32
37,892,527	11.01	1,340,004	198,790	1,141,214	.332	.32
44,574,262	12.84	1,509,951	330,800(e)	1,179,151(e)	.340	.33
55,113,905	15.87	1,726,160	378,356	1,347,804	.388	.37
58,370,387	16.80	1,881,460	378,356	1,503,104	.433	.41
55,408,872	15.94	1,961,783	378,356(f)	1,583,427	.455	.44 (g)
67,010,142	19.11	2,118,885	378,356	1,740,529	.496	.46
77,183,680	21.98	2,093,460	378,356	1,715,104	.488	.72
71,022,217	20.20	2,244,030	378,356	1,865,674	.530	.82

(d) Does not include 534,393 Class "B" Shares issued December 23, 1959.

(e) Excluding dividends declared on Class "A" Shares in 1959 and on Preferred Shares in 1960 and 1963, in excess of their respective regular annual rates.

(f) Includes full annual dividends on Class "A" and Preferred Shares though only three quarterly dividends were declared.

(g) Includes extra dividend of 4¢ per share declared in January, 1967.

Pro-Forma Balance Sheets

(all investments at market)

Portfolio

	December 31				
	1969	1968	1967	1966	1965
Cash, etc., Short Term Notes & Bonds.....	\$ 9,495,238	\$10,885,790	\$ 8,893,939	\$ 9,723,898	\$ 6,624,452
Less: Liabilities.....	17,801	3,097,356	1,164,479	277,145	212,291
Quick Reserves.....	9,477,437	7,788,434	7,729,460	9,446,753	6,412,161
Preferred Stocks.....	823,031	933,909	2,469,406	2,678,201	1,622,526
Total Reserves.....	10,300,468	8,722,343	10,198,866	12,124,954	8,034,687
*Common Stocks & Convertibles...	68,468,424	76,208,012	64,557,951	51,030,593	58,082,375
Total Net Assets.....	<u>\$78,768,892</u>	<u>\$84,930,355</u>	<u>\$74,756,817</u>	<u>\$63,155,547</u>	<u>\$66,117,062</u>

Capitalization

	December 31				
	1969	1968	1967	1966	1965
Senior Capital at Redemption Prices:—					
Class "A" Shares.....	\$ 1,567,110	\$ 1,567,110	\$ 1,567,110	\$ 1,567,110	\$ 1,567,110
Preferred Shares.....	6,179,565	6,179,565	6,179,565	6,179,565	6,179,565
Total Senior Capital.....	7,746,675	7,746,675	7,746,675	7,746,675	7,746,675
*Class "B" Equity.....	71,022,217	77,183,680	67,010,142	55,408,872	58,370,387
	<u>\$78,768,892</u>	<u>\$84,930,355</u>	<u>\$74,756,817</u>	<u>\$63,155,547</u>	<u>\$66,117,062</u>

*Percentage of Common Stocks & Convertibles to Class "B" Equity—
1969: 96.4%, 1968: 98.7%, 1967: 96.3%, 1966: 92.1%, 1965: 99.5%.

Distribution of Investments

December 31, 1969 (with comparative market values and percentages for December 31, 1968)

	1969		1968	
	Market Value	Percentage	Market Value	Percentage
Cash, Short Term Notes, etc.—net.....	\$ 2,541,012	3.22%	\$ 2,645,096	3.11%
Canadian Government & Guaranteed Bonds.....	6,825,125	8.67%	5,029,563	5.92%
Canadian Provincial & Provincial Guaranteed Bonds..	111,300	0.14%	113,775	0.14%
Preferred Stocks.....	823,031	1.05%	933,909	1.10%
Convertibles.....	1,432,850	1.81%	1,486,750	1.75%
Common Stocks.....	67,035,574	85.11%	74,721,262	87.98%
Total Net Assets.....	<u>\$78,768,892</u>	<u>100.00%</u>	<u>\$84,930,355</u>	<u>100.00%</u>

Geographical distribution at December 31, 1969 was:

Canada	United States
89.86%	10.14%

Portfolio of Investments

as at December 31, 1969

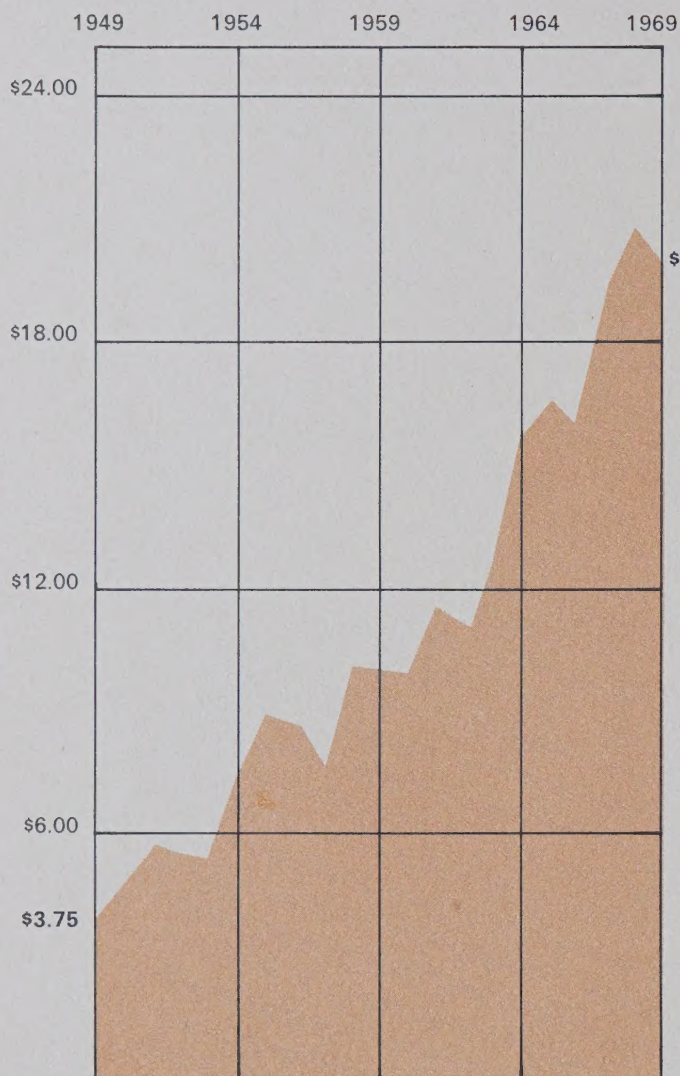
No. of Shares or Par Value						Market Value	Percent of Total Net Assets
Cash, Short Term Notes, etc.—net						\$ 2,541,012	3.22
Canadian Government Bonds							
\$2,600,000	Government of Canada	Conv. 6%	1971			\$ 2,535,000	
1,750,000	Government of Canada . . . . .	.4¼%	1972			1,590,750	
275,000	Government of Canada . . . . .	.7%	1973			264,000	
2,050,000	Government of Canada . . . . .	.5%	1973			1,819,375	
700,000	Government of Canada . . . . .	.5½%	1974			616,000	
						\$ 6,825,125	8.67
Canadian Provincial & Provincial Guaranteed Bonds							
\$ 100,000	Hydro-Electric Power Commission of Ontario . . . . .	.6%	1972			\$ 93,000	
20,000	Province of Quebec . . . . .	.6%	1972			18,300	
						\$ 111,300	0.14
Preferred Stocks—Excluding Convertibles							
900	Anglo-Canadian Telephone Company	\$.2.65				\$ 29,250	
1,000	Anglo-Canadian Telephone Company	\$.2.90				31,625	
6,000	Consolidated-Bathurst Limited . . . . .	.6%				120,000	
1,875	Gaz Metropolitain Incorporated . . . . .	.5½%				117,656	
2,500	Gaz Metropolitain Incorporated . . . . .	.5.40%				161,875	
4,000	Third Canadian General Investment Trust Limited	\$.2.50				124,000	
5,000	Trans-Canada Pipe Lines Limited	\$.2.80				185,625	
2,000	Westfair Foods Limited	“.A”				53,000	
						\$ 823,031	1.05
Banks & Finance							
40,000	Bank of Montreal					\$ 675,000	
76,000	Canadian Imperial Bank of Commerce					1,719,500	
120,000	Industrial Acceptance Corporation Limited					1,785,000	
2,450	Interior Trust Company					269,500	
605,185	International Capital Corporation Limited					605,185	
25,000	Investors Group	5% Conv. Pfd.				631,250	
52,000	Investors Group	Common A				559,000	
75,000	The Royal Bank of Canada					1,687,500	
173,000	St. Maurice Gas Incorporated					216,250	
60,000	United Bond & Share Limited					60,000	
						\$ 8,208,185	10.42
Beverages							
30,000	Distillers Corporation-Seagrams Limited					\$ 1,575,000	
50,000	John Labatt Limited					1,487,500	
35,000	Hiram Walker-Gooderham & Worts Limited					1,592,500	
						\$ 4,655,000	5.91
Building Materials							
40,000	Atco Industries Limited					\$ 605,000	
30,000	Canada Cement Company Limited					1,020,000	
16,000	National Gypsum Company					403,360	
12,000	PPG Industries Incorporated					456,960	
						\$ 2,485,320	3.16

PORTFOLIO OF INVESTMENTS as at December 31, 1969—CONTINUED

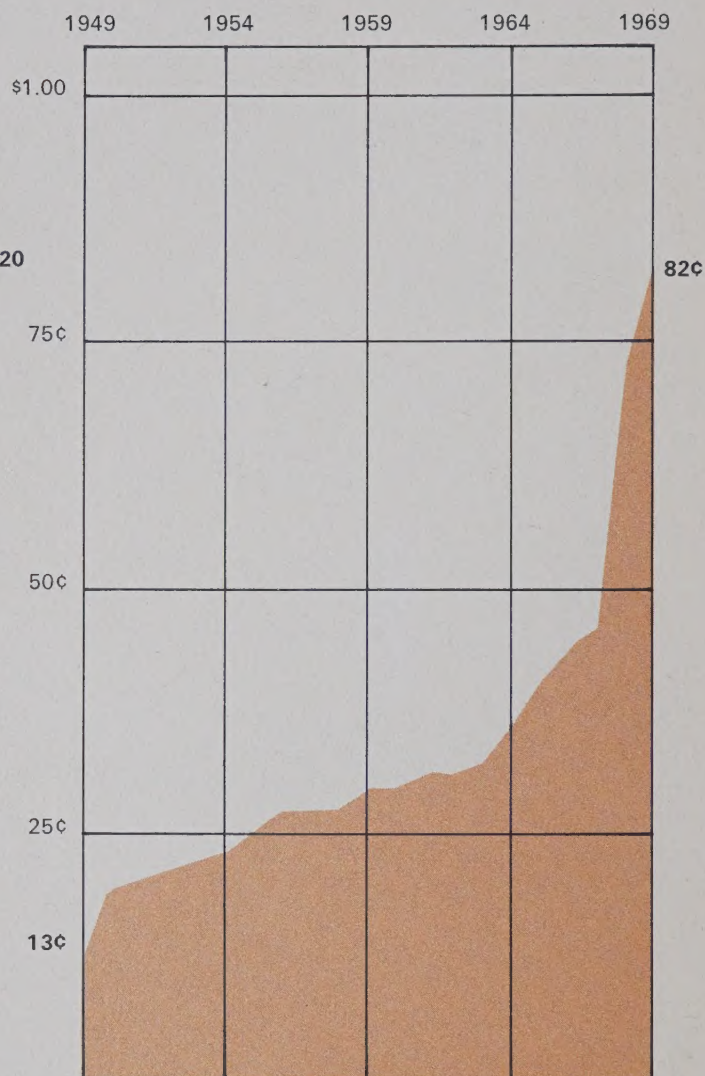
No. of Shares or Par Value		Market Value	Percent of Total Net Assets
Chemicals			
9,000	Celanese Corporation of America	\$ 579,330	
155,000	Chemcell Limited	1,472,500	
		<u>\$ 2,051,830</u>	2.61
Electronics & Aerospace			
30,000	International Systcoms Limited	\$ 60,000	
20,000	Leigh Instruments Limited	500,000	
4,500	Texas Instruments Incorporated	602,235	
22,500	Varo Incorporated	335,025	
		<u>\$ 1,497,260</u>	1.90
Machinery			
10,000	I.T.L. Industries Limited 6½% Conv. Pfd.	\$ 187,500	
15,000	I.T.L. Industries Limited	170,625	
30,000	Robert Morse Corporation Limited "A"	480,000	
21,000	McNeil Corporation	341,250	
		<u>\$ 1,179,375</u>	1.49
Metals & Mining			
30,000	Alcan Aluminium Limited	\$ 825,000	
40,000	Bethlehem Copper Corporation Limited	800,000	
56,500	Brameda Resources Limited	536,750	
55,000	Canadian British Aluminium Company Limited "A"	1,127,500	
20,000	Falconbridge Nickel Mines Limited	3,340,000	
32,500	Great Lakes Nickel Limited	195,000	
52,322	Great Lakes Nickel Limited Options	7,849	
40,000	Kaiser Resources Limited	740,000	
50,000	Noranda Mines Limited	1,850,000	
30,000	Preston Mines Limited	311,250	
70,000	Sherritt Gordon Mines Limited	1,373,750	
200,000	Wollaston Lake Mines Limited (N.P.L.)	150,000	
		<u>\$11,257,099</u>	14.29
Office Equipment & Supplies			
8,000	Addressograph-Multigraph International Corporation	\$ 523,520	
2,000	International Business Machines Corporation	782,080	
50,000	Moore Corporation Limited	1,868,750	
35,000	Multiple Access General Computer Corporation Limited	288,750	
\$130,000	Systems Dimensions Limited5% 1989 Conv.	132,600	
20,000	Systems Dimensions Limited	240,000	
		<u>\$ 3,835,700</u>	4.87
Oil & Gas			
20,000	Aquitaine Company of Canada Limited	\$ 402,500	
5,000	Atlantic Richfield Company	462,000	
30,000	Bow Valley Industries Limited	555,000	
60,000	Gulf Oil Canada Limited	1,020,000	
3,500	Home Oil Company Limited "A"	110,250	
8,500	Home Oil Company Limited "B"	263,500	
34,000	Husky Oil Limited	433,500	
60,000	Imperial Oil Limited	1,042,500	
14,900	Kenting Limited	245,850	
13,000	Mobil Oil Corporation	641,550	

PORTFOLIO OF INVESTMENTS as at December 31, 1969—CONCLUDED

No. of Shares or Par Value		Market Value	Percent of Total Net Assets
Oil & Gas (Continued)			
30,000	Petrofina Canada Limited	\$ 495,000	
15,000	Scurry-Rainbow Oils Limited	322,500	
24,800	Union Oil Company of Canada Limited	998,200	
60,000	Western Decalta Petroleum Limited	462,000	
		<u>\$ 7,454,350</u>	9.47
Paper & Forest Products			
100,000	Domtar Limited	\$ 1,550,000	
60,000	MacMillan, Bloedel Limited	2,025,000	
		<u>\$ 3,575,000</u>	4.54
Pipelines Utilities			
17,000	British Columbia Telephone Company	\$ 1,241,000	
35,000	International Utilities Corporation	936,250	
4,500	Trans-Canada Pipe Lines Limited \$2.75 Conv. Pfd.	274,500	
40,700	Trans-Canada Pipe Lines Limited	1,343,100	
55,000	Westcoast Transmission Company Limited	1,292,500	
		<u>\$ 5,087,350</u>	6.46
Retail Merchandising			
52,000	D'Allaird Manufacturing Company Limited	\$ 403,000	
11,000	Marcor Incorporated	533,940	
110,000	Simpsons, Limited	2,310,000	
60,000	Woodward Stores Limited "A"	1,200,000	
		<u>\$ 4,446,940</u>	5.64
Steel & Iron			
65,000	Algoma Steel Corporation Limited	\$ 877,500	
65,000	Dominion Foundries and Steel Limited	1,511,250	
29,000	Labrador Mining and Exploration Company Limited	739,500	
65,000	Steel Company of Canada Limited	1,413,750	
		<u>\$ 4,542,000</u>	5.76
Transportation & Equipment			
25,850	Bombardier Limited "A"	\$ 555,775	
35,000	Canada Steamship Lines Limited	971,250	
17,000	Canadian Pacific Railway Company	1,228,250	
20,000	Consolidated Freightways Incorporated	590,000	
10,000	Ford Motor Company of Canada Limited	600,000	
		<u>\$ 3,945,275</u>	5.01
Miscellaneous			
11,000	Brockway Glass Company "A"	\$ 914,540	
24,000	Canadian Interurban Properties Limited 7% Conv. Pfd.	207,000	
12,000	Canadian Interurban Properties Limited	37,800	
48,000	Consumers Glass Company Limited	1,416,000	
60,000	Famous Players Canadian Corporation Limited	750,000	
6,000	Famous Players Canadian Corporation Limited Warrants	13,800	
12,000	O.S.F. Industries Limited	84,000	
20,000	Uniroyal Incorporated	426,400	
10,000	Western International Hotels Company	398,200	
		<u>\$ 4,247,740</u>	5.39
Total Net Assets—December 31, 1969		<u>\$78,768,892</u>	<u>100.00%</u>



NET EQUITY
FOR CLASS "B" PER SHARE



DIVIDENDS DECLARED
PER CLASS "B" SHARE



Head Office

800 Dorchester Blvd. West
Montreal, Que.

Shares Listed

Class "A", 1959 Series Preferred and Class "B" shares are listed on the London, England, Montreal and Toronto Stock Exchanges. 1963 Series Preferred shares are listed on the Montreal and Toronto Stock Exchanges.

Transfer Agent

Montreal Trust Company
Shares transferable at Montreal, Toronto, Halifax, Winnipeg, Regina, Calgary and Vancouver.

Registrar

The Royal Trust Company

Auditors

Price Waterhouse & Co.

Dividend Dates

Dividends on all classes of shares are being paid quarterly on February 15, May 15, August 15, November 15.

Dividends and Taxes

We are advised that Canadian resident individual shareholders are entitled to claim the 20% Canadian income tax credit on their dividends. A 10% Canadian withholding tax is presently exigible on all dividends paid to non-residents. Non-resident shareholders are advised to consult their tax authorities in respect of possible relief for which credit may be claimed on dividends received from this Corporation.



United Corporations Limited
800 Dorchester Blvd. West
Montreal, Quebec